AND BROADCASTING (SHRI P.A. SANGMA): (a) Ninety six percent (approx), Sir.

(b) Five and a half percent, Sir.

(c) No, Sir.

**Violation of norms by Punjab and Sind Bank**

*237. SHRI GURUDAS DAS GUPTA: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the news-item captioned "Punjab & Sind Bank violates norms to show profits" appearing in "Business Standard', death 20th September, 1995;

(b) if so, whether it is a fact that the auditors in their Audit Report have pointed out serious lapses and non-compliance of RBI guidelines;

(c) whether it is also a fact that the Chairman-cum-Managing Director of the bank whose term expired in May, 1995 has been given extension by setting aside all the norm and even without the recommendation of RBI; and

(d) if so, the action taken by Government?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. DEBIPROSAD PAL): (a) Yes. Sir.

(b) Reserve Bank of India (RBI) has reported that the special inspection team deputed by the Department of Supervision to look into the issue raised by the Statutory Auditors of the Punjab & Sind Bank has in its preliminary report corroborated some of the deficiencies relating to income recognition, asset classification, provisioning etc. However, RBI has not yet come to a conclusion that the deficiencies are such that they merit action like recasting of the balance sheet.

(c) and (d) With the approval of the competent authority, Shri K.S. Bains, Chairman & Managing Director, Punjab & Sind Bank, has been advised to continue in office until further orders.

**Violation of BIFR Directions by SBI Group of Banks**

*238. SHRI RAJNI RANJAN SAHU: Will the Minister of FINANCE be pleased to state:

(a) whether the State Bank of India Group of Banks do not follow the directions and guidelines of BIFR in connection with rehabilitation package to sick industrial units;

(b) if so, the number of cases which have come to the notice of Government during the last three years; and

(c) the details of directions issued by BIFR since 1988 onwards, the number of sick industrial units rehabilitated by BIFR with the participation of the said group of Banks and whether the said group of Banks discharged financial obligations as per direction/decision of BIFR and IRBI during the same period?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. DEBIPROSAD PAL): (a) State Bank of India (SBI) has reported that SBI Group follows the directions and guidelines of Board for Industrial and Financial Reconstruction (BIR) in connection with the rehabilitation packages to sick industrial companies.

(b) Does not arise.

(c) SBI has reported that out of 166 cases involving SBI Group where rehabilitation schemes have been sanctioned by the BIFR, 28 companies have so far been rehabilitated with the participation of SBI Group.

**New Credit Policy of RBI**

*239. SHRI SUSHIL KUMAR SAMBHAJIRAO SHINDE: SHRIMATI VEENA VERMA: Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank has lately laid down a new credit policy to contain inflation;

(b) if so, what are the highlights of the new credit policy;

(c) what are the rates of interest thereunder

admissible to small depositors on saving accounts, fixed deposits for different terms and the rates of interest permissible to Non-Resident Indians; and

(d) what are the rates of interest chargeable on different types of credits?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. DEBIPROSAD PAL): (a) The objective of credit policy announced by RBI on September 29, 1995 for the second half of 1995-96 is to moderate the growth of money supply with a view to containing inflationary pressures, and at the same time ensuring provision of adequate credit to support the growth of the real sector.

(b) The main features of the policy package include freedom to scheduled commercial banks to determine interest rates on longer (over 2 years) domestic term deposits, enhancement of refinance limits of banks, raising of the maximum interest rate on NRE deposits, enhancement of the "loan" component under the credit delivery system, phased introduction of prudential norms for Regional Rural Banks and freedom to banks to fix their own over-night open position limit in foreign exchange.

(c) Under this credit policy, banks have been permitted to fix their own interest rate on domestic term deposits of over 2 years and the interest rate ceiling for deposits under non-resident (External) Rupee accounts has been raised from 8.0 to 10.0 per cent (subsequently again raised to 12.0 per cent on October 31, 1995). The details of interest rates on domestic and non-resident deposits are given in the enclosed Table 1. (*See* below)

(d) The enclosed Table 2 presents interest rates on different types of credit by banks. (*See* below)

**Table 1**

Structure of Interest Rates—Deposit Rates

(% per annum)

| | |
|---|---|
| BANK DEPOSITS | |
| DOMESTIC | |
| Savings Deposits Term Deposits | 4.5 |
| —(46 days to 2 years)— | |
| Over 2 years | 12.0 (ceiling) Free |
| External NRER Deposits SavingsTerm Deposits (46 days and above) | 4.5 |
| Non Resident Non Repatriable | 12.0 (ceiling) Free* |

**(FOREIGN CURRENCY NON RESIDENT ACCOUNTS (BANKS)**

| Maturity | Pound Sterling | US $ | D. Mar | Japanese Yen |
|---|---|---|---|---|
| For deposits for 6 months & above and less than 1 year | 4.5 | 4.5 | 0.75 | 0.75 |
| For deposits for 1 year & above but less than 2 years. | 6.5 | 6 | 1.25 | 1.25 |
| For deposits 2 years above but less than 3 years. | 7 | 6.5 | 1.75 | 1.5 |
| For deposits of 3 years only. | 7 | 6.5 | 2.25 | 2 |

Banks are free to decide maturities as well as interest rates on these deposits.

**Table 2**

**Structure of Interst Rates on Bank Advances.**

(% PER ANNUM)

| | |
|---|---|
| (A) GENERAL CREDIT (excluding export credit) | |
| (a) Upto Rs. 25000 | 12 |
| (b) Over Rs. 25000 & upto Rs. 2 lakhs. | 13.5 |
| (c) Over Rs. 2 lakhs. | free |
| (B) DRI, advances | 4 |
| (C) EXPORT CREDIT | |
| (a) Preshipment credit(Rs.) | |
| (i) Upto 180 days | 13 |
| (ii) Beyond 180 days & upto 270 days | 15 |
| (iii) Against incentivesreceivable from Government(upto 90 days) | 13 |

(b) Post shipment credit(Rs.)

(i) Demand bills for transit period. 13

(ii) Usance bills 117

— upto 90 days beyond 90 days & upto 6 months $ beyond 6 months $ 131315free

— againsnt incentives receivable from Government (upto 90 days) 13

— against undrawn balances(upto 90 days) 13

— against retention money (upto 90 days) 13

(iii) Deferred credit(beyond 180 days) 13

(iv) Export credit not stated otherwise free Post shipment export credit denom. in US Dollars.

— demand bills fortransit period. 7.5

— usance bills 117(upto 90 days) 7.5

**Budget Deficit**

*240. SHRI E. BALANANDAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government gave a commitment to a regime of strict discipline as far as ad hoc treasury bills are concerned;

(b) whether on 19th August, 1995 the budget deficit stood at Rs. 17,900 crores; and

(c) whether this state of affairs was as per Government's assurance?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. DEBI PROSAD PAL): (a) Yes Sir. An agreement was signed on 9.9.1994 between Government of India and Reserve Bank of India to give effect to the announcement made by Finance Minister in his Budget Speech for 1994-95 that in order to strengthen fiscal discipline Government would phase out progressively the system of automatic financing the budget deficit by the Reserve Bank of India through issue of ad hoc Treasury Bills by 1997-98. The Agreement allows the Reserve Bank of India to resort to market borrowing on behalf of the Government of India when the ad hoc exceed a pre-determined level for more than a certain number of days.

(b) The Budget deficit on Friday, the 18th August, 1995 was Rs. 17891 crore, out of which net issue of ad hoc accounted for only Rs. 10400 crore.

(c) The spurt in issue of ad hoc Treasury Bills is mainly due to mismatch between Central Government receipts and payments and is not an indicator of the likely year and position. Government is closely monitoring the situation.

**Smuggling of Ganja in Bihar**

1424. DR. BAPU KALDATE: Will the Minister of FINANCE be pleased to state:

(a) whether C.R.P.F. staff were involved in smuggling of "ganja' in Patna on the 12th August, 1995;

(b) the action taken to reward the officials who detected the crime and punish the guilty officials; and

(c) the steps taken to post honest officials for such duties in future also?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) Yes, Sir.

(b) Reward proposals have not been received so far.

(c) Efforts are always made to post honest officers in sensitive plàces.

**इंडियन एयरलाइन्स द्वारा रियायती दरों पर टिकटों का दिया जाना**

1425. **श्री अजीत जोगी:** क्या नागर विमानन और पर्यटन मंत्री यह बताने की कृपा करेंगे कि:

(क) क्या इंडियन एयरलाइन्स रियायती दर पर टिकटें देती हैं;

(ख) यदि हां, तो इस संबंध में निर्धारित मानदंड क्या हैं; और

(ग) पिछले तीन वर्षों के दौरान वर्षवार कितनी राशि की रियायत दी गयी है?

**नागर विमानन और पर्यटन मंत्री (श्री गुलाम नबी आजाद):** (क) और (ख) जी, हां, वर्तमान में दिए जाने वाले विशेष किरायों का ब्यौरा संलग्न विवरण में दिया गया है (नीचे देखिए)

(ग) इंडियन एयरलाइन्स, दी जाने वाली विभिन्न रियायतों के मूल्य के परिमाण का ब्यौरा नहीं रखती।

**Badla Trading**

1426. SHRI PRAMOD MAHAJAN:

SHRI VIREN J. SHAH:

(a) whether the Government's atten- tion has been drawn to a report published in the Pioneer (Business) of November 23, 1996 under the caption "Badla trading may draw big money from real estate market";

(b) if so, what are the facts in this regard;